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Overview of Covad

- Founded in 1996 -- first to commercially launch DSL in the country.
 - ILECs had DSL for a decade but did not deploy, and did not respond to cable modem. ILEC DSL launch began in 1999 after FCC linesharing NPRM.
 - Covad has led DSL prices down from \$70/month (Verizon retail price pre-linesharing) to under \$40/month. The ILECs have followed Covad's lead.
- Nationwide facilities-based broadband network that passes 40 million homes and small businesses in 35 states.
 - Collocated facilities in nearly 2,000 central office nationwide.
 - Largest DSL network of any company – larger than any ILEC.
 - Covad owns its own switches (second largest ATM network in the country), DSLAMs, routers, and all other broadband equipment. We lease only the core bottleneck transmission facilities of the ILEC.
- Covad is the only true wholesaler of DSL services to carriers and ISPs. Bell companies are seeking to eliminate their wholesale obligations while Covad seeks to expand its wholesale business.
 - Residential wholesale customers include AOL, AT&T WorldNet, Earthlink, and dozens of other ISPs.
 - Business wholesale customers include WorldCom, AT&T, Sprint, SBC, and dozens of other carriers and resellers.
 - Covad Business Solutions provides DSL and ISP services directly to business and residential users.
- Covad serves residential and small business customers in 35 states.
 - 50% of our customers are consumers and 50% are small businesses.
 - Business customers are served via stand-alone loops (SDSL), while residential customers are served via lineshared loops (ADSL).
 - In 2002, Covad *expanded* its broadband network, while others contracted.
 - Fourth quarter 2002 operating statistics show continued broadband growth and success of Covad's efforts to "Popularize Broadband."



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Overview of Covad's Triennial Review advocacy

- Preserve unbundling of bottleneck transmission facilities, which are economically, technically, and practically impossible to duplicate. Protect consumers against broadband monopoly or at best duopoly.
- Interoffice transport. There is no evidence on the record that even a single interoffice route has competitive availability. States should conduct fact-specific inquiry to determine if viable competitive transport alternatives to the ILEC exist.
- Loops. Core bottleneck that facilities-based providers must be able to access in order to transmit traffic from their own equipment to end users. Commission's loop rules must be technically neutral, so as to permit innovation over stand-alone loops. Covad offers more innovative types of DSL (IDSL, SDSL, e.g.) that ILECs do not offer.
- Lineshared loops. It is not possible (economically or technically) to provide residential DSL service without access to lineshared loops.
 - Loop rules must promote innovation by permitting any technically feasible use of the loop. Upper frequencies of the loop (linesharing) are simply part of the loop.
 - ADSL is specifically designed to operate on the upper frequencies of existing voice loop, and thus all ILECs offer retail DSL services over lineshared loops.
 - In absence of linesharing, Covad customers would have to pay for a second loop (while ILEC customers only need one loop). Covad customers would have to wait at home for two technician truck rolls, while ILEC customers would not have any. Covad customers would have to have service professionally installed, while ILEC customers could use a self-install kit received via mail.
 - Same pricing standard (nondiscrimination) applies to lineshared and stand-alone loops. Covad pays substantial sums for lineshared loops.
- *USTA* standard requires Commission to explain why existence of cable modem retail service does not change impairment analysis for loops.
 - *USTA* court simply concluded (correctly) that FCC did not discuss cable modems in original 1999 linesharing order.
 - Discussion of cable modem services now must conclude that (1) existence of cable modem retail service does not eliminate impairment of facilities-based CLECs absent access to loops and lineshared loops; and (2) broader goals of the Act (encouraging broadband deployment and facilities-based competition) are met only by continuing lineshared loop unbundling.
 - Record before Commission in Triennial Review supports only preservation of lineshared loop rules – economic and technical testimony un rebutted by ILECs.